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C O N F I D E N T I A L SECTION 01 OF 02 QUITO 000932

SIPDIS

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SUBJECT: ECUADOR: FM PARRA OPENS BILATERAL DIALOGUE

Classified By: Amb. Kristie A. Kenney for reasons 1.4 (b) and (d)

11. (C) Summary: In a cordial one-on-one encounter on April 26, FM Antonio Parra Gil told the Ambassador that, by natural inclination and necessity, Ecuador seeks good relations with the United States. He offered open and honest dialogue with the USG, and pledged to address specific issues in subsequent meetings. He expressed special interest in counter-narcotics cooperation and concern about money-laundering in Ecuador. A mature and moderate interlocutor, Parra will travel to Santiago for the Community of Democracies meeting; we recommend a meeting on the margins with A/S Noreiga. He is reviewing all MFA political appointments and carefully considering who to send as Ambassador to the U.S. End Summary.

Affinity for U.S.; Recognition

- 12. (C) Like his boss, Parra emphasized his personal affinity for the U.S. and recognized the importance of the U.S. to Ecuador in terms of its geo-political influence, and status as Ecuador's main market and foreign assistance donor. He said he valued the Ambassador's frankness and invited her to join in an open and honest private dialogue.
- 13. (C) As a practicing lawyer, Parra ran through the arguments in favor of the legitimacy and constitutionality of the new government. The Ambassador told Parra that the USG is now focused on helping Ecuador move forward rather than look backward. The OAS mission is coming to Ecuador in that spirit, and offers the GOE an opportunity to receive the support of its hemispheric friends. Parra agreed, saying the GOE welcomed the visit.

Immediate Plans: Travel, Appointments, Calls, Dialogue

- 14. (C) Parra said he intended to attend the Community of Democracies meeting in Santiago, which offered a great opportunity to meet counterparts and make Ecuador's case. He was considering whether to recommend that President Palacio attend an upcoming Latin America-Arab summit. Traveling now is particularly difficult, when so many personnel appointments need to made. The Ambassador asked that Parra give special attention to the appointment of an Ambassador to the United States. Parra said he would do so, but did not mention any possible candidates.
- 15. (C) Parra said he had asked his staff to prepare a list of bilateral issues with the U.S., which he would like to discuss with the Ambassador at a later date. The Ambassador welcomed the opportunity to convert problem issues into opportunities.

Interest in Counter-Narcotics Issues

16. (C) The Ambassador told Parra she had suggested President Palacio call his counterparts in Colombia and Peru sooner rather than later. Parra said he had recommended the same thing, and expected Palacio to do so soon. He expressed concern about the "contagion effect" of the Colombian conflict, and wondered if subsidies for alternate crops would help wean the border region away from coca growing. The

alternative. Parra also expressed concern about money-laundering in Ecuador. The Ambassador agreed, regretting the lack of an effective legal regime to combat this crime, and commending legislation pending in Congress. Parra said he wanted to make the issue an early priority.

Ambassador cited USG-supported efforts to promote cacao as an

FTA: "No Choice'

17. (C) Turning to trade, Parra said Ecuador simply had no choice but to negotiate an FTA with the U.S., with ATPDEA expiring in 2006. People worry about being flooded by U.S. products, but in an increasingly globalized world, no country can afford to sit on the fence. Given Ecuador's dependence on the U.S. market, there were few practical alternatives. Expanding trade with Europe was not a viable option.

Bucaram Effect

18. (C) The Ambassador said it was unfortunate that Ecuador had fallen into a recurrent cycle of interrupted presidencies. Parra blamed "El Loco" ex-president Abdala Bucaram, who initiated the cycle in 1997. Bucaram was a difficult case for the current government as well, which was in discussion with the Panamanian government over the terms of his asylum there. In his previous exile in Panama he had flagrantly violated the terms of his refuge by continuing to run his political party from abroad. It was in Ecuador's interest for these divisive leaders to live abroad, he said. Parra fully expected ex-president Gutierrez to respect the terms of his asylum in Brazil; Bucaram in Panama would be another story.

Comment

19. (C) This charm offensive came naturally to Parra, an engaging interlocutor who inspires confidence. He is certainly a welcome replacement for his insubstantial predecessor. We have heard similar praise from the Brazilians, who worked with Parra on safe passage for ex-president Gutierrez. Though not yet prepared to address the full range of bilateral issues, Parra clearly signaled a more open and pragmatic approach which could help moderate more extreme cabinet views. President Palacio stuck a similar tone in an April 24 press conference, when he again expressed firm commitment to respect exiting international agreements and defended the agreement on the Manta cooperative security location as worthy for its contribution to the eradication of drugs (SepTel). We should take advantage of the GOE's acute interest in dialogue to promote USG interests.

Biographic Notes

110. (SBU) Parra is 68, overweight (he joked about the dietary restrictions his wife has recently enforced), suffers from poor hearing (and wears a hearing aid), and said he was having difficulty adjusting to Quito's high altitude. He is also jovial, frank and delightfully gregarious, in the manner of many Guayaquilenos. Parra urged the Ambassador to address him by his nickname, "Japo," which he acquired as a child for his oriental appearance (which has faded away with age). He admitted to poor English language ability, but seemed proud of his international and legal training and experience. One daughter lives in Chicago, a city he loves to visit. Another daughter lives in Guayaquil with his four grandchildren.

KENNEY